

## Message Text

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INFO OCT-01 ISO-00 SAM-01 IO-10 NIC-01 CIAE-00 DODE-00

PM-03 H-01 INR-07 L-02 NSAE-00 NSC-05 PA-01 RSC-01

PRS-01 SP-02 SS-15 USIA-06 SAJ-01 EB-07 AID-05 OMB-01

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R 031637Z FEB 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 7870

INFO AMEMBASSY DUBLIN

AMEMBASSY COPENHAGEN

AMEMBASSY BONN

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY PARIS

AMEMBASSY LUXEMBOURG

USMISSION NATO BRUSSELS

AMEMBASSY LISBON

USMISSION OECD PARIS

USMISSION EC BRUSSELS

C O N F I D E N T I A L SECTION 01 OF 02 LONDON 01628

E.O. 11652: XGDS-1

TAGS: PFOR, PO

SUBJECT: CONSULTATION ON PORTUGAL

REF: STATE 22603

1. WE CARRIED OUT INSTRUCTIONS IN REFTEL DURING CALL ON ASSISTANT UNDER SECRETARY MORGAN AT FCO JANUARY 31.

2. AFTER LISTENING TO TALKING POINTS LISTED PARA 2 REFTEL, MORGAN SAID THAT HMG SHARED US VIEWS ON RECENT DEVELOPMENTS IN PORTUGAL. MORGAN SAID THAT THERE HAD BEEN ACUTE ANXIETY IN THE FOREIGN OFFICE EARLIER THAT  
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WEEK ABOUT PORTUGAL, THOUGH RECENT EVENTS IN THE LAST 24

HOURS (I.E. CANCELLATION OF POLITICAL DEMONSTRATIONS) HAD EASED THE FCO'S CONCERN SLIGHTLY.

3. FCO HAD LITTLE INFORMATION ON THE EXACT DIMENSIONS OF LEFTIST ORIENTATION OF AFM MEMBERS THOUGH FCO DID NOT DOUBT LEFTISTS WERE INFLUENTIAL. THUS, IT IS NOT POSSIBLE TO MAKE AN ACCURATE FORECAST OF FUTURE EVENTS IN PORTUGAL. ONE DANGER MORGAN SEES IS A DEVELOPMENT SIMILAR TO WHAT HE EXPERIENCED IN PERU (HE WAS RECENTLY AMBASSADOR THERE) WHERE LEFTISTS AND MILITARY OFFICERS WORKED CLOSELY TOGETHER TO NET DISADVANTAGE OF DEMOCRACY AND LIBERTY. HE FEELS SUCH A DEVELOPMENT IN PORTUGAL WOULD MAKE DIFFICULTIES FOR PORTUGAL'S BILATERAL TIES WITH UK, AS WELL AS HER RELATIONSHIP WITH NATO AND THE EC.

4. MORGAN SAID THAT THE UK WAS PARTICULARLY CONSCIOUS OF THE IMPORTANCE OF STRENGTHENING THE HAND OF MODERATE FORCES IN PORTUGAL. THERE WAS A BIPARTISAN APPROACH TO PORTUGAL IN LONDON. THE UK HAD ENCOURAGED DIRECT RELATIONS BETWEEN BRITISH POLITICAL PARTIES AND THEIR PORTUGUESE COUNTERPARTS AS COULD BE WITNESSED BY THE RECENT ATTENDANCE OF GEOFFEREY RIPPON (CONSERVATIVE MP AND SHADOW SPOKESMAN ON FCO AFFAIRS) AT THE ABORTIVE CONFERENCE IN OPORTO. (HE DID NOT MENTION EARLIER VISITS BY LABOUR PARTY MEMBERS AND TUC REPRESENTATIVES.) FOLLOWING THE DEMONSTRATION IN OPORTO, RIPPON HAD BEEN RECEIVED BY COSTA GOMES, WHOM HE REPORTED TO BE SOMEWHAT SHEEPISH, DEFENSIVE AND INEFFECTUAL.

5. MORGAN ALSO NOTED THAT AN OFFICIAL CBI DELEGATION WAS THEN VISITING PORTUGAL UNDER THE CHAIRMANSHIP OF SIR ARTHUR NORMAN. THE FCO HAD EXPRESSED A WISH TO HAVE THE CBI GROUP HEADED BY SOMEONE WITH PREVIOUS KNOWLEDGE OF PORTUGAL WITHOUT TOO MUCH IDENTIFICATION WITH THE "OLD REGIME," AND SIR ARTHUR SEEMED TO BE A GOOD CHAIRMAN. THE PURPOSE OF THE VISIT WAS TO EXPLORE POSSIBILITIES FOR INVESTMENT IN PORTUGAL. INITIAL REPORTS INDICATED CONCERN ON THE PART OF THE CBI VISITORS ABOUT LONG RANGE PROSPECTS FOR THE INVESTMENT SO BADLY NEEDED FOR DEVELOPMENT OF THE PORTUGUESE ECONOMY, ESPECIALLY IN ABSENCE OF CONFIDENTIAL

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ECONOMIC GUIDELINES.

6. IN REFERENCE TO THE RECENTLY ANNOUNCED VISIT BY FOREIGN SECRETARY CALLAGHAN TO PORTUGAL FEBRUARY 6-7, MORGAN SAID THAT THE FOREIGN SECRETARY HAD HAD TO POSTPONE A PLANNED VISIT TO PORTUGAL LAST JULY BECAUSE OF THE CYPRUS CRISIS. THAT VISIT HAD BEEN SCHEDULED IN RECIPROCITY FOR THE VISIT TO LONDON OF FOREIGN MINISTER

SOARES. CALLAGHAN HAD TAKEN THE INITIATIVE IN REVIVING THE VISIT AT THIS TIME, AND THE FCO WAS PLEASED THAT THE VISIT WILL TAKE PLACE AT A USEFUL TIME IN TERMS OF PORTUGUESE DEVELOPMENTS. MORGAN SAID A RECOMMENDATION HAD BEEN MADE TO MINISTERS THAT THE UK DEVELOP AN AID PROGRAM FOR PORTUGAL WHICH CALLAGHAN COULD TAKE WITH HIM ON HIS VISIT. STRESSING THAT MINISTERIAL APPROVAL HAD NOT YET BEEN OBTAINED BUT SEEMED LIKELY, MORGAN SAID THE BRITISH PROGRAM WOULD BE MUCH MORE MODEST THAN THE AMERICAN. THE INTENTION WOULD BE TO SEND A TEAM TO PORTUGAL TO SURVEY ITS NEEDS AND MAKE RECOMMENDATIONS ON

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C O N F I D E N T I A L SECTION 02 OF 02 LONDON 01628

BOTH TECHNICAL ASSISTANCE AND OTHER FORMS OF AID. CONTINUING, MORGAN SAID THAT THE BRITISH ARE DOING CERTAIN OTHER THINGS TO TRY TO HELP. THEY ARE GIVING SOME UNPUBLICIZED TRAINING TO THE PORTUGAL ARMY; MEMBERS OF THE PRESIDENTIAL GUARD ARE RECEIVING TRAINING AND SELECTED OFFICERS OF THE PORTUGUESE ARMY ARE OBSERVING BRITISH TACTICS IN NORTHERN IRELAND TO GAIN A BETTER IDEA OF CROWD CONTROL.

7. MORGAN ASKED WHETHER WE HAD ANY INFORMATION ON A FIRM DATE FOR THE ELECTION. THE ELECTION, ITSELF, WILL  
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BE AN IMPORTANT GUIDE TO FUTURE DEVELOPMENTS IN PORTUGAL, HE SAID, AND IT WILL BE HIGHLY SIGNIFICANT IF THE AFM, PERHAPS UNDER INFLUENCE BY THE COMMUNISTS, POSTPONES THE ELECTION DATE. MORGAN SAID THAT THE HOLDING OF FREE ELECTIONS WAS OBVIOUSLY OF GREAT IMPORTANCE. HE REASONED THAT IF, AS THE FCO GUESSED, THE COMMUNISTS GOT ONLY 10-12 PERCENT OF THE VOTE IN A FREE ELECTION, SUCH A WEAK SHOWING COULD HAVE A BENEFICIAL EFFECT ON THE ATTITUDES OF THE AFM.

8. COMMENT: MORGAN CLEARLY WELCOMED OUR DISCUSSION OF THE SITUATION IN PORTUGAL WITH HIM. HE OBVIOUSLY WISHED TO IMPRESS ON US THAT THE UK, WHILE GENERALLY VERY PESSIMISTIC ABOUT PORTUGAL, IS DOING WHAT IT CAN TO SUPPORT MODERATE FORCES THERE. IN OUR VIEW, CURRENT BRITISH EFFORTS AND PLANS FOR ASSISTANCE TO PORTUGAL, ALTHOUGH MODEST IN COMPARISON TO OUR OWN, SEEM TO BE CAREFULLY THOUGHT OUT, AND SUCH ECONOMIC ASSISTANCE AS BRITAIN MAY PROVIDE (IF MINISTERS APPROVE) SEEMS LIKE A MORE CONCRETE EFFORT THAN MANY EC COUNTRIES HAVE MADE TO DATE.

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